

Message Text

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PAGE 01 STATE 125860
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APPROVED BY STATE/EA/EP:AGEBER
COM/BIEPR/OCA/JPN/NGLICK
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-----006726 172351Z /40

P 172222Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY TOKYO PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, JA

SUBJECT: TRADE FACILITATION COMMITTEE CASE--CARPENTER
TECHNOLOGY

REF: TOKYO 18639

1. SUMMARY: COMMERCE (USDOC) FORWARDING NEW CASE FOR TFC
CONSIDERATION CONCERNING "ADMINISTRATIVE GUIDANCE" BY MITI
IN THE ISSUING OF IMPORT LICENSES FOR CARPENTER TECHNOLOGY'S
ZIRCALOY FUEL CHANNELS FOR NUCLEAR REACTORS. END SUMMARY

2. IN ITS LETTER OF MAY 2, 1978 TO N. GLICK (USDOC),
CARPENTER TECHNOLOGY REQUESTED TFC CONSIDERATION OF THE
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INABILITY OF PROSPECTIVE JAPANESE IMPORTERS OF ITS ZIRCALOY
FUEL CHANNELS FOR NUCLEAR REACTORS (BTN 84.59-6) TO OBTAIN
IMPORT LICENSES FROM MITI DUE TO NATIONAL AND MUNICIPAL "BUY
JAPANESE" POLICIES. (LETTER WITH OTHER RELEVANT INFORMATION
SUPPLIED BY CARPENTER TECHNOLOGY BEING SENT TO EMBASSY.)

3. TEXT OF TFC CASE ON BEHALF OF CARPENTER TECHNOLOGY TO BE

PRESENTED TO JAPANESE OFFICIALS IN TFC AS FOLLOWS: BEGIN
TEXT.

A. SUMMARY OF CASE: PROSPECTIVE JAPANESE IMPORTERS OF

ZIRCALOY FUEL CHANNELS FOR NUCLEAR BOILING WATER REACTORS
FROM AN AMERICAN SUPPLIER, CARPENTER TECHNOLOGY, ARE
UNABLE TO OBTAIN IMPORT LICENSES FROM MINISTRY OF INTER-
NATIONAL TRADE AND INDUSTRY (MITI), EVEN THOUGH U.S.
PRODUCT IS COMPETITIVE IN PRICE AND QUALITY. IT WOULD
APPEAR THAT MITI IS USING ADMINISTRATIVE GUIDANCE AGAINST
SUCH IMPORTS TO IMPLEMENT A NATIONAL "BUY JAPANESE" POLICY.

B. FACTS OF THE CASE: FOR APPROXIMATELY THE LAST TWO
YEARS THE JAPANESE GOVERNMENT (MITI) HAS MAINTAINED A
POLICY OF INFLUENCING PROSPECTIVE JAPANESE IMPORTERS TO
BUY DOMESTICALLY-PRODUCED NUCLEAR FUEL CHANNELS RATHER
THAN THOSE WHICH WOULD BE SUPPLIED BY AN AMERICAN
EXPORTER, CARPENTER TECHNOLOGY. CARPENTER TECHNOLOGY
STATES THAT THE REPLACEMENT MARKET FOR THIS PRODUCT IS
SUBSTANTIAL--ABOUT 1700 FUEL CHANNELS (VALUE OF ABOUT
DOLLARS 5.1 MILLION) PER YEAR.

C. ARGUMENT: THE FUEL CHANNELS MANUFACTURED BY CARPENTER
TECHNOLOGY ARE COMPETITIVE IN PRICE AND QUALITY WITH
JAPANESE-PRODUCED FUEL CHANNELS. IN ORDER TO ALLOW
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CARPENTER TECHNOLOGY FAIR ACCESS TO THE JAPANESE MARKET,
NO IMPEDIMENTS TO THE IMPORT OF ITS FUEL CHANNELS INTO
JAPAN SHOULD BE MAINTAINED BY THE JAPANESE GOVERNMENT,
THROUGH MITI ADMINISTRATIVE GUIDANCE TO THE PURCHASER OR
TO MUNICIPAL AUTHORITIES WHICH CAN EXERT INFLUENCE
AGAINST THE SALE.

D. RELIEF SOUGHT: DISCONTINUANCE OF MITI ADMINISTRATIVE
GUIDANCE WHICH IS, AND HAS BEEN, PREVENTING THE IMPORT OF
CARPENTER TECHNOLOGY NUCLEAR FUEL CHANNELS INTO JAPAN.
END TEXT.

4. THE FACTS OF THIS CASE ARE CLEARLY EVIDENCED BY THE
LETTERS TO CARPENTER TECHNOLOGY FROM TOKYO ELECTRIC POWER
AND CHUBU ELECTRIC POWER, (PLEASE PROTECT NAMES OF
COMPANIES) DATED FEBRUARY 28, 1978 AND NOVEMBER 4, 1976,
RESPECTIVELY. THIS CASE APPEARS TO BE VERY SIMILAR TO THE
FIRST TFC CASE INVOLVING GENERAL ELECTRIC'S ZIRCALOY
CLADDING TUBE (REPORTED REFTL), EXCEPT THAT WE UNDERSTAND
THE GE PRODUCT TO HAVE BEEN FOR FUEL ELEMENTS WHEREAS
CARPENTER TECHNOLOGY'S PRODUCT (ALSO PRODUCED BY GE) IS
THE SQUARE TUBING OR CHANNEL WHICH HOLDS CONTROL RODS AND
FUEL ELEMENTS.

5. D.C. BRISTOL OF CARPENTER TECHNOLOGY IS EXPECTED TO BE IN TOKYO ABOUT MAY 19. WE HAVE INDICATED THAT HE SHOULD CONTACT R. BENSON TO CHECK ON THE STATUS OF THE CASE AND EMBASSY'S NEED FOR ANY FURTHER INFORMATION.

6. ACTION REQUESTED: REQUEST EMBASSY SUBMIT THIS CASE IN TFC UNLESS IT DETERMINES THAT FACTS ARE NOT AS REPRESENTED.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORT LICENSES, NUCLEAR FUELS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE125860
Document Source: CORE
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Drafter: BIEPR/OCA/JPN/DBUSINGER
Enclosure: n/a
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Errors: N/A
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Film Number: D780208-0812
Format: TEL
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